

**EIGHTY-FOURTH GENERAL ASSEMBLY
2012 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

MARCH 12, 2012

SENATE FILE 2275

S-5059

1 Amend Senate File 2275 as follows:
2 1. Page 1, line 14, by striking <operator> and
3 inserting <service provider>
4 2. Page 1, line 15, by striking <operating>
5 3. Page 1, line 15, by striking <with a> and
6 inserting <with an internet wagering>
7 4. Page 1, line 16, by striking <conduct> and
8 inserting <provide>
9 5. Page 3, line 1, by striking <operators> and
10 inserting <service providers>
11 6. Page 3, line 15, by striking <conduct> and
12 inserting <operate>
13 7. Page 3, line 18, by striking <operator> and
14 inserting <service provider>
15 8. Page 3, line 18, after <provided in> by
16 inserting <this section and>
17 9. Page 3, by striking lines 23 through 30 and
18 inserting <operate gambling games under this chapter
19 as determined by the commission. The issuance of a
20 license to>
21 10. Page 3, line 31, by striking <by more than one
22 licensee>
23 11. Page 4, line 5, by striking <through a single
24 internet site> and inserting <as determined by the
25 commission>
26 12. Page 4, line 13, by striking <conduct> and
27 inserting <operate>
28 13. Page 4, line 22, by striking <conduct> and
29 inserting <operate>
30 14. Page 4, after line 29 by inserting:
31 <0e. A qualified sponsoring organization licensed
32 to operate gambling games under this chapter that
33 is issued an individual or a single joint internet
34 wagering license shall make distributions of the
35 receipts from internet wagering on poker in the same
36 manner as provided in section 99F.6, subsection 4,
37 paragraph "a", subparagraph (2), or in the operating
38 agreement entered into by the qualified sponsoring
39 organization as provided in section 99F.5, whichever
40 is applicable.>
41 15. Page 4, after line 32 by inserting:
42 <3. A person holding a valid license pursuant to
43 chapter 99D or section 99F.7 is exempt from further
44 investigation and examination for licensing to operate
45 internet wagering pursuant to this chapter. However,
46 the commission may order future investigations or
47 examinations as the commission finds appropriate.>
48 16. Page 5, line 3, after <license,> by inserting
49 <an internet wagering service provider license,>
50 17. Page 5, lines 8 and 9, by striking <applicant,>

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1 and internet wagering operator if applicable,> and
2 inserting <applicant>
3 18. Page 5, lines 10 and 11, by striking
4 <applicant, or internet wagering operator if
5 applicable,> and inserting <applicant>
6 19. Page 5, lines 21 and 22, by striking <a
7 gambling games licensee who submits an application> and
8 inserting <an applicant>
9 20. Title page, line 1, by striking <conduct> and
10 inserting <operate>
11 21. By renumbering as necessary.

By JEFF DANIELSON

S-5059 FILED MARCH 8, 2012

SENATE FILE 2302

S-5060

1 Amend Senate File 2302 as follows:
2 1. Page 1, line 11, after <awarded.> by inserting
3 <This subsection does not apply to a request for
4 bids or proposals for architectural or engineering
5 services.>
6 2. Page 1, line 12, after <12B.> by inserting <a.>
7 3. Page 1, line 17, by striking <a.> and inserting
8 <(1)>
9 4. Page 1, line 19, by striking <b.> and inserting
10 <(2)>
11 5. Page 1, line 24, by striking <c.> and inserting
12 <(3)>
13 6. Page 1, line 27, by striking <d.> and inserting
14 <(4)>
15 7. Page 1, after line 29 by inserting:
16 <b. This subsection does not apply to a request
17 for bids or proposals for architectural or engineering
18 services.>

By SHAWN HAMERLINCK

S-5060 FILED MARCH 8, 2012

S-5061

1 Amend Senate File 2315 as follows:

2 1. Page 2, line 5, by striking <inpatient hospital
3 services> and inserting <acute inpatient hospital
4 services and services provided in large institutional
5 settings>

6 2. Page 4, line 15, by striking <county,> and
7 inserting <county and region,>

8 3. Page 5, by striking lines 26 through 35 and
9 inserting:

10 <Sec. ____ Section 226.10, Code 2011, is amended to
11 read as follows:

12 226.10 Equal treatment.

13 The ~~several~~ patients of the state mental health
14 institutes, according to their different conditions
15 of mind and body, and their respective needs, shall
16 be provided for and treated with equal care. If in
17 addition to mental illness a patient has a co-occurring
18 intellectual disability, brain injury, or substance
19 abuse disorder or other special need, the care provided
20 shall also address the co-occurring needs.>

21 4. Page 6, by striking lines 8 through 10 and
22 inserting <by the state commission. The information
23 reported shall conform with the cost principles for
24 state, local, and Indian tribal governments issued by
25 the United States office of management and budget.
26 The information shall also segregate expenditures for
27 administration, purchase of service, and enterprise
28 costs in which the county is a service provider or
29 is directly billing and collecting payments and shall
30 be submitted on forms prescribed by the department
31 of management. If the department of human services
32 determines good>

33 5. Page 7, by striking line 11 and inserting
34 <subject to the approval of the>

35 6. Page 7, line 35, by striking <intellectual
36 disability> and inserting <intellectual or other
37 developmental disability>

38 7. Page 8, line 3, by striking <brain injury>
39 and inserting <a developmental disability other than
40 intellectual disability, brain injury,>

41 8. Page 8, line 14, by striking <clinical> and
42 inserting <functional>

43 9. Page 11, by striking lines 20 through 22.

44 10. Page 12, line 31, after <human services> by
45 inserting <in consultation with the state commission>

46 11. Page 13, by striking lines 11 through 13 and
47 inserting:

48 <c. The person has a diagnosis of intellectual
49 disability.>

50 12. Page 14, line 13, after <facility> by inserting

1 <or to the individual's home>

2 13. Page 14, by striking lines 16 through 27 and
3 inserting:

4 <2. a. (1) A region shall work with service
5 providers to ensure that services are available to
6 residents of the region, regardless of potential
7 payment source for the services.

8 (2) The director of human services shall ensure
9 that funding through the medical assistance program
10 under chapter 249A is available to pay for the services
11 within the core service domains listed in subsection
12 4 to the greatest extent allowable under federal
13 regulation and shall ensure that eligible individuals
14 are enrolled in the medical assistance program as
15 efficiently as possible. Within funds available,
16 the region shall pay for such services for eligible
17 individuals when payment through the medical assistance
18 program or another third-party payment source is not
19 available, unless the individual is on a waiting list
20 for such payment or unless the medical assistance
21 program or its contractors have determined that the
22 individual does not meet the program's criteria for
23 such services.

24 (3) Until funding is designated for other service
25 populations, eligibility for the service domains
26 listed in this section shall be limited to such persons
27 who are in need of mental health or intellectual
28 disability services. However, if a county in a
29 region was providing services to an individual with
30 a developmental disability other than intellectual
31 disability or a brain injury prior to formation of the
32 region, the individual shall remain eligible for the
33 services provided when the region is formed, provided
34 that funds are available to continue such services.>

35 14. Page 16, by striking lines 4 and 5 and
36 inserting:

37 <5. A region shall ensure that access is available
38 to providers of core services that demonstrate
39 competencies necessary for all of the following:>

40 15. Page 16, line 20, after <facility> by inserting
41 <and community-based>

42 16. Page 16, line 22, by striking <Subacute
43 services> and inserting <Subacute services provided in
44 facility and community-based settings>

45 17. Page 17, by striking line 5 and inserting
46 <recognized as an evidence-based practice, is deemed
47 to be an emerging and promising practice, or providing
48 the services is part of a demonstration and will supply
49 evidence as to the services' effectiveness.>

50 18. Page 18, after line 20 by inserting:

1 <Sec. _____. APPLICABILITY. The provisions of
2 this division of this Act amending chapter 225C are
3 applicable prior to July 1, 2013, for purposes of
4 adopting rules to be effective on or after July 1,
5 2013.

6 Sec. _____. EFFECTIVE DATE. The following provisions
7 of this Act take effect July 1, 2013:

8 1. The sections of this division of this Act
9 amending chapter 225C.>

10 19. By striking page 18, line 22, through page 22,
11 line 3, and inserting:

12 <REDESIGN PLANNING, SUPPORT, AND IMPLEMENTATION

13 Sec. _____. REDESIGN SUPPORT.

14 1. The department of human services shall work with
15 the Iowa state association of counties in providing
16 training, support, and technical assistance to counties
17 in developing the mental health and disability services
18 regional services system as provided in this Act and
19 in evaluating whether any barriers exist that would
20 prevent or restrict the community services network
21 developed by the association from being used as the
22 data system for the service system.

23 2. The department shall identify third-party
24 coverage sources and develop estimates and financing
25 options for maximizing the use of the third-party
26 coverage sources in adding eligibility for core
27 services under the mental health and disability
28 services regional service system for adults with a
29 developmental disability other than intellectual
30 disability and for adults with brain injury. The
31 estimates and financing options shall be submitted to
32 the governor and general assembly on or before December
33 14, 2012.

34 Sec. _____. MENTAL HEALTH AND DISABILITY SERVICES
35 WORKFORCE DEVELOPMENT WORKGROUP.

36 1. The department of human services shall create
37 and provide support to a mental health and disability
38 services workforce development workgroup to address
39 issues in connection with assuring that an adequate
40 workforce is available in the state to provide mental
41 health and disability services. The membership of
42 the workgroup shall include the other state agencies
43 involved with the services and other appropriate
44 stakeholders designated by the director of human
45 services in consultation with the chairpersons and
46 ranking members of the committees on human resources
47 of the senate and house of representatives. In
48 addition, the membership shall include four members
49 of the general assembly with one each appointed by
50 the majority and minority leader of the senate and

1 the speaker and minority leader of the house of
2 representatives. The workgroup shall report to the
3 governor and general assembly providing findings and
4 recommendations and financing information concerning
5 the findings and recommendations. A preliminary report
6 shall be submitted on or before December 14, 2012, and
7 a final report on or before December 16, 2013.

8 2. The workgroup shall coordinate and align its
9 efforts with the recommendations of the direct care
10 worker task force created pursuant to 2005 Iowa
11 Acts, chapter 88, and the direct care worker advisory
12 council created pursuant to 2008 Iowa Acts, chapter
13 69, regarding training, level of competency, core
14 curricula, and certification, including but not limited
15 to those provisions relating to the use of the college
16 of direct support and other internet-based training.

17 Sec. _____. REGIONAL SERVICE SYSTEM – OUTCOMES AND
18 PERFORMANCE MEASURES COMMITTEE.

19 1. The department of human services shall establish
20 an outcomes and performance measures committee to make
21 recommendations for specific outcomes and performance
22 measures to be utilized by the mental health and
23 disability services regional service system. The
24 membership of the committee shall include appropriate
25 stakeholders designated by the director of human
26 services in consultation with the chairpersons and
27 ranking members of the committees on human resources
28 of the senate and house of representatives. In
29 addition, the membership shall include four members
30 of the general assembly with one each appointed by
31 the majority and minority leader of the senate and
32 the speaker and minority leader of the house of
33 representatives.

34 2. The committee's recommendations shall
35 incorporate the outcome measurement methodologies
36 previously developed by the mental health and
37 disability services commission. To the extent
38 possible, the committee shall seek to provide outcome
39 and performance measures recommendations that are
40 consistent across the mental health and disability
41 services populations addressed. The committee shall
42 also evaluate data collection requirements utilized
43 in the mental health and disability regional service
44 system to identify the requirements that could be
45 eliminated or revised due to the administrative burden
46 involved or the low degree of relevance to outcomes or
47 other reporting requirements.

48 3. The committee recommendations shall be submitted
49 to the governor, general assembly, and policymaking
50 bodies. Initial recommendations shall be submitted on

1 or before December 14, 2012, and final recommendations
2 on or before December 16, 2013. The mental health
3 and disability services commission and other
4 policymaking bodies shall consider the recommendations
5 in eliminating or otherwise revising data collection
6 requirements.>

7 20. Page 22, line 23, by striking <Expand> and
8 inserting <Implement>

9 21. Page 22, line 24, after <tools> by inserting
10 <by the regional service system and the department of
11 human services>

12 22. Page 23, line 1, after <providers.> by
13 inserting <The efforts under this paragraph shall be
14 made with representatives of the Iowa state association
15 of counties.>

16 23. By striking page 23, line 32, through page 24,
17 line 15, and inserting:

18 <Sec. _____. Section 97B.1A, subsection 8, paragraph
19 a, Code Supplement 2011, is amended by adding the
20 following new subparagraph:

21 NEW SUBPARAGRAPH. (13) Employees of a regional
22 administrator formed in accordance with section
23 331.438E, determined to be an instrumentality of
24 the political subdivision forming the regional
25 administrator.>

26 24. Page 25, line 4, by striking <with the approval
27 of> and inserting <in consultation with>

28 25. Page 26, line 6, by striking <November 1,
29 2012,> and inserting <April 1, 2013,>

30 26. Page 26, by striking line 21 and inserting:

31 <c. During the period of April 2, 2013, through
32 July 1,>

33 27. Page 26, by striking lines 23 and 24 and
34 inserting <agreed to be part of a region in accordance
35 with paragraph "a" and with the regions forming around
36 the county to>

37 28. Page 26, line 26, by striking <January 1,
38 2013,> and inserting <July 1, 2013,>

39 29. Page 26, line 29, by striking <June 30, 2013,>
40 and inserting <December 31, 2013,>

41 30. Page 26, line 32, by striking <June 30, 2014,>
42 and inserting <June 30, 2015,>

43 31. Page 28, by striking lines 10 through 20 and
44 inserting <comprising the regions or their designees.>

45 32. Page 29, by striking lines 26 through 34 and
46 inserting:

47 <2. The accounting system and financial reporting
48 to the department shall conform with the cost
49 principles for state, local, and Indian tribal
50 governments issued by the United States office of

1 management and budget. The information shall segregate
2 expenditures for administration, purchase of service,
3 and enterprise costs for which the region is a service
4 provider or is directly billing and collecting payments
5 and shall be identified along with other financial
6 information in a uniform chart of accounts prescribed
7 by the department of management. Following periodic
8 review of administrative costs, the department
9 shall make recommendations, in consultation with the
10 legislative services agency, for standards defining
11 region administrative costs and the methodology for
12 calculating a region's administrative load. Such
13 standards shall be specified in rule adopted by the
14 state commission.>

15 33. Page 30, line 19, after <board.> by inserting
16 <The voting procedures may provide for a weighted vote
17 on decisions identified by the governing board. A
18 weighted vote may provide for assignment of a number
19 of votes to each of the counties comprising the region
20 equal to its population within the region, may require
21 at least three-fourths of the total votes cast for
22 approval of a decision, or may provide for another
23 weighted vote option determined by the governing
24 board.>

25 34. Page 30, line 20, before <executive> by
26 inserting <process for selecting the>

27 35. Page 31, line 6, by striking <specific> and
28 inserting <general>

29 36. Page 31, line 35, after <2011,> by inserting
30 <to another public employer>

31 37. Page 32, line 31, by striking <administrator,>
32 and inserting <administrator that cannot be resolved
33 informally,>

34 38. Page 38, by striking lines 4 through 6.

35 39. Page 44, by striking lines 17 through 21 and
36 inserting <The diagnoses of clinically evident damage
37 to the brain used for a diagnosis of brain injury
38 shall be the same as specified by rule for eligibility
39 for the home and community-based services waiver for
40 persons with brain injury under the medical assistance
41 program.>

42 40. Page 47, by striking lines 2 through 6
43 and inserting ~~<considered as outpatients of the~~
44 ~~institution.~~ No An order of commitment shall not be
45 issued unless the superintendent of the institution
46 recommends that the order be issued, and advises the
47 court that adequate facilities for the care of the
48 person are available.>

49 41. By renumbering as necessary.

By JACK HATCH

Fiscal Note

Fiscal Services Division



SF 2227 – Innovation Fund Tax Credits (LSB 6050SV)

Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

Senate File 2227 increases the current 20.0% tax credit for qualified equity investments in the Iowa Innovation Fund to a 100.0% tax credit. The change is effective for investments made beginning July 1, 2011, through June 30, 2014. After that date, the tax credit percentage is 20.0%. The change is effective upon enactment and retroactive to July 1, 2011.

Background

The Innovation Fund was created in **SF 517** (Economic Development Appropriation Act of 2011). The Innovation Fund is one or more early-stage capital funds certified by the Economic Development Authority (EDA) Board. The 20.0% tax credit for equity investments in the Innovation Fund was also created in SF 517.

The tax credit cannot be redeemed until the third tax year after the tax year in which the qualified investment was made. The tax credits are not refundable, but unused credits may be carried forward for up to five additional tax years.

The EDA is required to allocate \$8.0 million of its annual \$120.0 million tax credit cap to the Innovation Fund, starting FY 2012 (see **Iowa Code section 15.119**). The EDA cannot allocate unused Innovation Fund credits to other programs that also exist under the \$120.0 million cap.

Taxpayers that invest in the Innovation Fund likely receive equity interest in the Fund. Under the provisions of the Bill, they will also receive a State income tax credit equal to 100.0% of their investment, but the credit cannot be redeemed for at least three years. Taxpayers may also face higher federal tax bills if the State income tax reduction they earn through the investment tax credit increases their federal tax liability. State income taxes are deductible at the federal level for itemized individual income tax filers and are business deductions for businesses; both instances potentially increase federal income taxes owed.

At the current 20.0% tax credit rate, the Innovation Fund could generate \$40.0 million per year if the \$8.0 million tax credit was fully utilized. If the tax credit is increased to 100.0%, the annual tax credit limit would net \$8.0 million in Innovation Fund investments each year.

The EDA rules for the Innovation Fund tax credit specify that if valid applications for more than the \$8.0 million available in a year are received, the Department will prioritize tax credit awards in the next year so that the excess applications receive tax credits first.

Fiscal Impact

The current 20.0% tax credit has been in place for seven months. Over that time, it does not appear that much progress has been made in attracting investment or creating an Innovation Fund. Therefore, it is not possible to assess whether the current \$8.0 million allocation with a

20.0% tax credit for Innovation Fund investments will be utilized in part or in whole, during FY 2012 or after.

Increasing the existing tax credit from 20.0% of the amount invested to 100.0% will no doubt make the investment more attractive and will therefore make it more likely that the \$8.0 million annual cap will be utilized. However, at this early stage of the new program, it is not possible to conclude that the existing Innovation Fund concept will not work, so the increase in the tax credit percentage from 20.0% to 100.0% does not have a fiscal impact.

The law change would mean that the annual \$8.0 million State General Fund investment in financing the Innovation Fund will yield \$8.0 million per year for the Fund, down from the \$40.0 million per year that could possibly be achieved under current law.

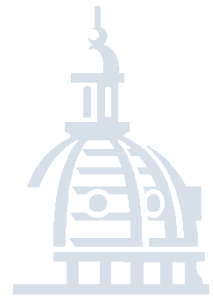
Sources

Economic Development Authority
Department of Economic Development

/s/ Holly M. Lyons

March 7, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Iowa Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



SF 2251 – Supplier Income Tax Exemption (LSB 5279SV)

Analyst: Jeff Robinson (Phone: 515-281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

Senate File 2251 creates an income tax exemption for corporate income earned by S-Corporation and C-Corporation businesses that are, at least in part, suppliers to Iowa anchor manufacturers. The exclusion is equal to the Iowa apportioned income that is above the company's Iowa apportioned income in a base year. The base year calculation grows 5.0% per year with each additional year's exemption calculated from the base year income incremented by 5.0% per tax year. The exclusion is available for tax years beginning on or after January 1, 2012. The Economic Development Authority (EDA) may not issue new certificates after January 1, 2015.

In the Bill:

1. Certified Supplier means a business certified by the EDA. The EDA is required to certify all suppliers that:
 - Manufacture tangible personal property at one or more facilities in Iowa and derive more than 10.0% of gross sales of tangible personal property from one facility in Iowa through sales to one or more Iowa anchor manufacturers.
 - Provide a statement from one anchor manufacturer that the manufacturer meets the definition of an anchor manufacturer.
 - Have at least 10.0% of total payroll located in Iowa or the supplier employs at least 50 employees at a facility in Iowa.
2. Anchor manufacturer is defined as a business that manufactures tangible personal property at a facility in Iowa and exports at least 50.0% of the tangible personal property produced at the anchor manufacturer's Iowa facility to markets outside of Iowa.

Each certified supplier will continue to benefit from the exclusion as long as the supplier has Iowa-apportioned income in excess of the base year Iowa-apportioned income, incremented by 5.0% each tax year. The Bill applies retroactively to tax years beginning on or after January 1, 2012. The EDA may not issue new certificates after January 1, 2015, so the Bill impacts only tax years 2012, 2013, and 2014.

Background

The net income of C-Corporations is taxed by Iowa at the business entity level, while S-Corporations are taxed through the individual income tax returns of the owners. The business structure for both entity types is defined through the federal Internal Revenue Code.

Many provisions of the Bill are difficult or impossible to estimate. The data necessary is not available. The Department of Revenue (DR) provided a fiscal impact estimate based on a portion of the universe of potential beneficiaries from this proposed tax change. Using the most recent three years of C-Corporation tax returns available, the DR provided an estimate based

on manufacturing C-Corporations with Iowa-apportioned income growth sufficient to benefit from the proposal. The DR's estimate should be considered a maximum for the subset of companies, but the estimate does not include companies that are not categorized as manufacturers and it does not include S-Corporations.

The Bill has several broad definitions that make developing a reasonable estimate of the fiscal impact of the Bill problematic.

Manufacturing includes "combining of different materials" and "extracting and recovering natural resources." This definition could include biodiesel blending and production, ethanol blending and production, vehicle or heating fuel delivery, electricity production (including wind), and perhaps the delivery of natural gas.

An anchor manufacturer is defined as any business that exports at least 50.0% of what it produces at a facility in Iowa to out-of-state buyers.

- There is no requirement that an anchor manufacturer be of a specific employment or sales size. An anchor manufacturer could be a C-Corporation with 1,000 employees or it could be a sole proprietorship with one employee.
- There is no requirement that the tangible personal property purchased from a certified supplier be included by the anchor manufacturer as part of tangible personal property sold and exported out-of-state.

A qualifying supplier must supply at least 10.0% of the tangible personal property the supplier produces at an Iowa facility to an anchor manufacturer. This requirement also means that up to 90.0% of what that facility produces may be sold elsewhere in the State, and it means that anything else that qualified supplier produces at other facilities could be unrelated to supplying an anchor manufacturer. As long as the business meets the production requirements at one facility and also meets the employment thresholds, all Iowa-apportioned income growth that business experienced above the 5.0% growth requirement will be exempt from Iowa business income tax and this will be true even if the growth is not related to supplying an Iowa anchor manufacturer.

A certified supplier could also increase its Iowa-apportioned income simply by purchasing another Iowa-based supplier or by taking over the contracts of an existing Iowa supplier. Both of these situations would result in reduced General Fund revenue through the tax exemption, but would not result in any additional Iowa-based production.

Further adding to the uncertainty and potential cost of the proposal, is the fact that an anchor manufacturer could be a certified supplier to another anchor manufacturer.

Fiscal Impact

The DR calculates that the maximum impact of the Bill, for C-Corporations only, will result in a decrease of tax revenue to the State of \$44.5 million over the three tax years. The DR was unable to provide any type of dollar estimate for S-Corporations. The DR was able to provide statistics showing that the number of S-Corporation manufacturing firms in Iowa is approximately 63.0% of the number of C-Corporation manufacturing firms. Multiplying the DR's C-Corporation maximum estimate of \$44.5 million times 1.63, yields a three-year total of \$72.6 million.

The DR estimates that approximately 57.0% of identified C-Corporation and S-Corporation manufacturers meet at least one of the employment threshold requirements in the Bill. Applying 57.0% to the \$72.6 million yields \$41.2 million.

However, the above math assumes two things:

- All C-Corporations and S-Corporations categorized as manufacturers are certified suppliers to anchor manufacturers.
- Only businesses categorized as manufacturers will qualify as certified suppliers to anchor manufacturers.

In practical impact, neither number one nor two above will be true, but they will offset. Some percentage of Iowa manufacturers will not qualify as certified suppliers because they will not provide at least 10.0% of the tangible property they produce at a single facility to a qualified anchor manufacturer. But also, some businesses that are not categorized as manufacturers will in fact meet the 10.0% supplier threshold and their income subject to Iowa tax could be reduced.

The Bill applies only to tax years 2012, 2013, and 2014. After 2014, the EDA and the DR are required to consult with the Chairpersons of the Economic Growth and Rebuild Iowa Committees of the House and Senate.

The estimated reductions in General Fund revenue associated with the income tax exemption created in the Bill are:

- FY 2013 = \$ - 7.0 million
- FY 2014 = \$ -12.1 million
- FY 2015 = \$ -15.1 million
- FY 2016 = \$ - 7.1 million

In addition to decreasing State General Fund revenue, tax law changes that lower S-Corporation taxable income also reduces the amount of revenue raised by the local option income surtax for schools. Over the four impacted fiscal years, the reduction is projected to average \$125,000 per year.

Sources

Department of Revenue
Legislative Services Agency analysis

/s/ Holly M. Lyons

March 7, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Iowa Code section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.



SF 2298 – Direct Care Professionals Board (LSB 5449SV)
Analyst: Aaron Todd (Phone: 515-281-6764) (aaron.todd@legis.state.ia.us)
Fiscal Note Version – Requested by Senator Dix

Description

[Senate File 2298](#) provides for the certification of direct care professionals under new Iowa Code chapter 152F. Direct care professionals (DCPs) are individuals that provide supportive services to people of all ages experiencing illness and disabilities in settings that range from in-home- and community-based settings to acute care in hospitals. The Bill requires a person that provides direct care services for compensation to be certified as a direct care professional and establishes requirements and processes for certification, renewal, continuing education, reciprocity, exemptions, and suspension or revocation. The Bill specifies the duties and membership of the nine-member Board of Direct Care Professionals.

Background

[House File 649](#) (Health and Human Services Appropriations Act of 2011) directed the Iowa Direct Care Worker Advisory Council to develop recommendations and findings concerning the following:

- Provide an estimate of the size of the direct care professional workforce.
- Identify information management system needs for the eventual Board.
- Pilot training and credentialing recommendations.
- Conduct education and outreach.
- Recommend composition of the Board and the work and credentials it will oversee.

This Bill includes recommendations outlined in the Council's January 2012 [report](#) and March 2012 [report](#) to the General Assembly and Governor concerning the establishment and credentialing activities of the Board of Direct Care Professionals.

Assumptions

- The Board of Direct Care Professionals will be established within the Department of Public Health's Health Promotion and Chronic Disease Prevention Bureau by December 15, 2012, and include nine members appointed by the Governor.
- Core Training and resulting certification will be required for all DCPs. Requirements for advanced training and associated credentials will be determined based on existing provider/facility regulations. Advanced training will be optional for all other workers in provider settings where training regulations do not exist.
- Education and training completed by DCPs will be based on state-recognized competencies and will be portable among employers.
- Worker credentials will be tracked through an information management system that will provide worker, employer, and public interfaces.
- There are estimated to be between 55,000 (Projection Scenario 1) to 73,000 (Projection Scenario 2) practicing DCPs in Iowa. Licenses will be issued beginning January 1, 2014, and will be renewed biennially.

- Current DCPs will be “grandfathered” in the credentialing system based on experience and skills. Grandfathered credentials will be provided at a discounted fee. The Bill allows the Board to determine the grandfathering process and timeframe. For estimating purposes, it is assumed that reduced certification fees for grandfathering will be phased out by June 30, 2015, allowing 18 months for current practitioners to obtain certification. Assumes 60.0% of existing practitioners will seek certification, and that one-third of current practitioners will become certified in FY 2014 and the remaining two-thirds will become certified in FY 2015.
- An estimated range between 6,000 (Projection Scenario 1) and 7,500 (Projection Scenario 2) new licenses will be issued in FY 2014. A base estimated range of between 12,000 (Projection Scenario 1) and 15,000 (Projection Scenario 2) new licenses plus an additional 3.0% allowance for growth will be issued beginning in FY 2015.
- The Board is charged with determining the appropriate license fee schedule. The proposed fee structure outlined in the chart below was discussed at Advisory Council meetings and is used for projection purposes. The overall budget is highly variable depending on the fee structure adopted by the Board.

Proposed Fee Structure		
New Direct Care Associate (DCA)	\$	20
New Advanced DCA		30
New Instructor		60
New Trainer		75
Renewal DCA		25
Renewal Advanced DCA		35
Renewal Instructor/Trainer		60
Grandfather DCA		15
Grandfather Advanced DCA		20
Late Fee		50
One-Time Background Fee (new licenses)		15

- By FY 2015, a range between 13.0 FTE positions (Projection Scenario 1) and 16.0 FTE positions (Projection Scenario 2) are estimated to be necessary to support the work of the Board. These positions are generally assumed to be filled at the low end of the salary range for each position, allow for 4.0% annual salary growth, and include an additional 27.0% for benefits. The positions include:

FTE Classifications			
Classification	Role	Number of FTEs	
		Scenario 1	Scenario 2
Executive Officer 2	Board Manager	1	1
Administrative Assistant 2	Certification Processors	1	2
Executive Officer 1	Education Director	1	1
Program Planner 2	Outreach & Compliance Educators	2	2
Clerk Specialists	Credential Reviewers	3	4
Investigator 1	Credential & Complaint Investigators	3	4
Secretary 1	Secretary	1	1
IT/Web Administrator	IT Systems Maintenance	1	1
Total		13	16

- The following two charts outline the projected revenues and expenditures based on the projected number of credential DCPs and the associated staffing levels. Projection Scenario 1 is based on 55,000 DCPs and 13.0 FTE positions and Projection Scenario 2 is based on 73,000 DCPs and 16.0 FTE positions beginning in FY 2014. General Fund appropriations are not included in the projections. The net need shown at the bottom of each chart represents the total estimated General Fund impact or need.

Board of Direct Care Professionals - Projection Scenario 1					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenue					
Carryforward	\$ 0	\$ 0	\$ 0	\$ 170,616	\$ 0
License Fees	0	740,500	1,519,150	869,715	1,188,700
Federal Grants	550,000	201,000	0	0	0
IOWAccess Fund	150,000	100,000	0	0	0
Total Revenue	\$ 700,000	\$ 1,041,500	\$ 1,519,150	\$ 1,040,331	\$ 1,188,700
Expenses					
Curriculum & Test Development, Training & Evaluation	\$ 390,000	\$ 180,000	\$ 0	\$ 0	\$ 0
Personnel	205,300	681,600	765,205	795,529	826,927
Support	369,880	555,674	583,329	591,965	603,086
Total Expenses	\$ 965,180	\$ 1,417,274	\$ 1,348,534	\$ 1,387,494	\$ 1,430,013
Net surplus/(need)	\$ -265,180	\$ -375,774	\$ 170,616	\$ -347,163	\$ -241,313

Board of Direct Care Professionals - Projection Scenario 2					
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Revenue					
Carryforward	\$ 0	\$ 0	\$ 0	\$ 334,674	\$ 0
License Fees	0	914,800	1,877,000	1,084,855	1,502,850
Federal Grant	550,000	201,000	0	0	0
IOWAccess Fund	150,000	100,000	0	0	0
Total Revenue	\$ 700,000	\$ 1,215,800	\$ 1,877,000	\$ 1,419,529	\$ 1,502,850
Expenses					
Curriculum & Test Development, Training & Evaluation	\$ 390,000	\$ 180,000	\$ 0	\$ 0	\$ 0
Personnel	205,300	828,800	918,400	954,800	992,500
Support	369,880	594,682	623,926	634,172	646,963
Total Expenses	\$ 965,180	\$ 1,603,482	\$ 1,542,326	\$ 1,588,972	\$ 1,639,463
Net surplus/(need)	\$ -265,180	\$ -387,682	\$ 334,674	\$ -169,443	\$ -136,613

Summary of Impacts

The General Assembly appropriated \$149,000 in FY 2012 to support the work of the Direct Care Worker Advisory Council. Both projections show a total General Fund need of \$265,180 in FY 2013, an increase of \$116,180 compared to FY 2012. Projection Scenario 1 shows a total General Fund need of \$375,774 and Projection Scenario 2 shows a total General Fund need of \$387,682 in FY 2014, an increase of \$226,774 and \$238,682 respectively compared to FY 2012. The chart below summarizes the General Fund impact.

General Fund Impact Summary					
	FY 2013		FY 2014		
	Projection Scenario 1	Projection Scenario 2	Projection Scenario 1	Projection Scenario 2	
Status Quo FY 2012	\$ 149,000	\$ 149,000	\$ 149,000	\$ 149,000	
Additional Need	116,180	116,180	226,774	238,682	
Total Need	\$ 265,180	\$ 265,180	\$ 375,774	\$ 387,682	

These projections are highly variable depending on the fee structure determined by the Board. An increase in the new and renewal license fees of \$10 under Projection Scenario 1 will reduce the General Fund need in FY 2014 by \$170,000 and result in a net surplus each year beginning in FY 2015, requiring no General Fund support. An increase in the new and renewal fees of \$5 under Projection Scenario 2 will reduce the General Fund need in FY 2014 by \$110,500 and result in a net surplus each year beginning in FY 2015, requiring no General Fund support.

Sources

Department of Public Health
Direct Care Worker Advisory Council
LSA Analysis

/s/ Holly M. Lyons

March 7, 2012

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to Iowa Code [section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
